

Comments on Chapter 4: Policies and Measures & 5: Projections

Draft 2001 U.S. Climate Action Report

Failure to Make Progress in Meeting UNFCCC Obligations

Chapter 1 makes the claim that “the United States intends to continue to be a constructive and active Party to the United Nations Framework Convention on Climate Change.” Yet Chapters 4 and 5 make it clear that the United States is ignoring its obligations under the UNFCCC to implement policies and measures with the aim of returning emissions to 1990 levels.¹ In fact, the draft report estimates that United States emissions will rise 55 percent above 1990 emissions levels by the year 2020. Anything short of a major overhaul to include meaningful greenhouse gas measures that seek to fulfill the United States’ UNFCCC obligations will make this communication the latest national embarrassment and a further abdication of responsibility by the world’s largest polluter of greenhouse gases.

Failure to Recognize Importance of Near-Term Action

The introduction to Chapter 4 states: “And because global warming is a long-term problem, solutions need to be long-lasting, but may be discovered and implemented over a long period.” This perhaps is the Administration’s rationale for not forwarding any proposals to stop the radical growth in greenhouse gas emissions. The implication that we need to wait to discover long-term solutions before we act is inaccurate on two fronts. First, solutions to global warming already exist. From energy efficient home appliances and automobiles to more efficient, cleaner power plants and renewable energy technologies, we have the tools today to make significant reductions in greenhouse gas emissions. Second, the greenhouse gases emitted today will remain in the atmosphere for decades or centuries, increasing the impacts of global warming over time and making the impact of our emissions today effectively irreversible in our lifetimes. Further, the effects of global warming are already being felt here in the United States and throughout the world. The prudent way to manage the risks of global warming is to take action today to reduce U.S. emissions and to lead other nations, including developing countries, through export of advanced technologies.

Inaccurate Statements on the National Energy Plan

¹ Article 4(2)(b) of the UNFCCC states: “[Each of these Parties shall communicate, within six months of the entry into force of the Convention for it and periodically thereafter, and in accordance with Article 12, detailed information on its policies and measures referred to in subparagraph (a) above, as well as on its resulting projected anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the period referred to in subparagraph (a), with the aim of returning individually or jointly to their 1990 levels these anthropogenic emissions of carbon dioxide and other greenhouse gases controlled by the Montreal Protocol.]”

Chapters 4 and 5 include boldly inaccurate and unsubstantiated statements about the President's National Energy Policy (NEP), claiming that "... the net impact of the NEP will likely result in appreciable future reductions in U.S. greenhouse gas emissions...." Exactly the opposite is true: the NEP is a "How To" plan for making the 55% increase in the nation's greenhouse gases a reality.

The assertions in the National Communication that the NEP is a robust strategy for energy efficiency and renewable energy improvements is false. The most basic of readings of the NEP demonstrates that its recommendations are intended to increase fossil fuel and electricity supplies to meet forecasted demand levels based on business-as-usual estimates of energy demand. In the NEP itself, the Administration assumed that the energy efficiency and clean energy recommendations would do little if anything to reduce the need for ever-increasing fossil fuel consumption. For example, if, in fact, the Administration were confident that the NEP would significantly improve energy efficiency, then it certainly would help alleviate the need for more power plants. But, to the contrary, the NEP states that "America must have in place between 1,300 and 1,900 new electric plants," a number derived from business-as-usual demand estimates.

While the NEP did include chapters and recommendations on renewable energy and energy efficiency, the quantity of recommendations in this regard was undermined by the fact that they were at best toothless, and at worst counterproductive. For example, while the NEP calls on the Department of Energy to promulgate new efficiency standards for appliances, the first such action by the Department was to roll back a new standard for air conditioners, effectively increasing the energy consumption of new models. Further, the claim in Chapter 5 that the NEP "supports increased funding for research and development of renewable energy resources" is belied by the fact that the President's proposed budget slashed funding for renewable energy programs, and the Administration still has not stated that it supports increasing the budget of renewable energy program R&D above historic levels.

Failure to Report on Policies and Measures that Increase Greenhouse Gas Emissions

A further shortcoming in chapter 4 is that it fails to report on action taken to implement commitments under Article 4.2(e)(ii) of the Convention, as required by the reporting guidelines (#16). Under Article 4.2(e)(ii), Parties must identify policies and practices that increase greenhouse gas emissions. In 1998, Greenpeace commissioned Industrial Economics, Inc., to produce a peer-reviewed report on U.S. government subsidies to the oil industry (enclosed). The study, *Fueling Global Warming: Federal Subsidies to Oil in the United States*, found net subsidies totaled between \$5.2 and \$11.9 billion in 1995, excluding the \$10.5 to \$23.3 billion cost of defending Persian Gulf oil supplies. The government provided \$5.4 billion to maintain the Strategic Petroleum Reserve, \$2.3 billion in tax breaks for domestic oil exploration and production, and \$1.6 billion to support oil-related exports and foreign production. Under President Bush's National Energy Policy and subsequent energy legislation recently passed by

the House of Representatives (HR 4), subsidies and other policies to increase fossil fuel consumption would increase.

Likewise, by subsidizing carbon-intensive industries overseas with export credits, guarantees and concessionary loans benefiting American corporations, the U.S. is locking developing countries into a path of fossil fuel dependency rather than actively promoting the transfer of clean technologies. Overseas Private Investment Corporation and the U.S. Export-Import Bank spent about \$23 billion dollars between 1992 and 1998 on fossil fuel projects in developing countries and economies in transition (including coal-fired power plants and oil and gas extraction projects) according to a study by the Institute for Policy Studies, Friends of the Earth and International Trade Information Service (enclosed). These projects will release approximately 25 billion tons of carbon dioxide over their lifetimes. The U.S. has also failed to provide leadership within international financial institutions on climate change. The World Bank, funded in large part by US tax dollars, spent nearly \$10 billion on fossil fuel projects around the world between the Rio Summit and mid-1997.

Characterization of Existing Voluntary and R&D Programs

Some of the government's long-standing voluntary programs, such as Energy Star, are already having a positive impact on energy efficiency and, consequently, on greenhouse gas emissions. However, these programs have not been sufficient to offset the dramatic growth in U.S. emissions during the past decade, and they would be more useful as complements to meaningful mandatory reductions. The characterization of the "reductions" from these programs in Chapter 4 and elsewhere must be clarified to acknowledge that greenhouse gas emissions continue to climb, and that the reductions attributed to the programs are not relative to any absolute target (such as 1990 emission levels), but are instead relative to what would have happened in the absence of the programs (e.g., even more rapid emissions growth).

In addition, the funding picture of the ongoing voluntary and R&D programs must be clarified. In the last national communication, the United States stated that it was seeking to increase funding for the voluntary reduction programs and for research and development. In its FY 02 budget, President Bush proposed significantly reduced funding for renewable energy and energy efficiency R&D, and the President froze the budgets for voluntary programs such as Energy Star at last year's funding levels.

Characterization of Voluntary Reporting under EPCA 1605(b)

Chapter 4 states that "more than 200 companies voluntarily reported to DOE more than 1,715 voluntary projects to reduce, avoid, or sequester greenhouse gas emissions. In fact, as detailed in the enclosed report by the Natural Resources Defense Council, voluntary pledges by electric power companies to cut heat-trapping carbon dioxide (CO₂) pollution have been an abject failure. NRDC reviewed the Department of Energy's voluntary Climate Challenge program and emissions reporting system established by section 1605(b) of the 1992 Energy Policy Act.

DOE launched the Climate Challenge in 1993 with the goal of reducing electric power industry CO2 emissions to 1990 levels by the year 2000. Power plants produce 40 percent of U.S. CO2 emissions -- more than any other source. The study found that electric power companies used inflated baselines and other dubious accounting practices to claim large emission "reductions" when in fact they did little or nothing to change emissions trends. Emissions rose at about the same rate that power generation increased. For example, seventy percent of the pollution "reductions" the utilities claimed were based on the routine operation of nuclear plants. Companies simply credited themselves for avoiding emissions that would have occurred had that power been generated by hypothetical coal-fired plants.